

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 EA-12 ISO-00 GSA-02 AGRE-00

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-10

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00

AID-05 SS-15 STR-07 ITC-01 TRSE-00 USIA-15 SP-02

SOE-02 OMB-01 DOE-11 IO-14 AF-10 NEA-10 /175 W

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R 150716Z MAR 78

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 2934

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY LA PAZ

AMEMBASSY LONDON

UNCLAS KUALA LUMPUR 2156

E.O. 11652: N/A

TAGS: EMIN, ITC, MY

SUBJECT: ARTICLE ON TIN

FOLLOWING IS TEXT OF "BUSINESS TIMES" EDITORIAL

ON GS STOCKPILE RELEASE.

"DON'T DAMPEN PRICE OF TIN, MALAYSIA TELLS U.S.

MALAYSIA HAS CONVEYED TO THE UNITED STATES ADMINISTRATION

ITS STAND ON THE PROPOSAL BY THE U.S. TO RELEASE 45,000

TONNES OF TIN FROM ITS STOCKPILE.

IT HAS MADE CLEAR TO THE U.S. THAT SHOULD THE RELEASE

TAKE PLACE, THE SALE SHOULD BE PROGRAMMED IN A MANNER

THAT THERE IS NO UNDESIRABLE EFFECT ON THE MARKET PRICE

OF THE METAL.

MALAYSIA MADE KNOWN ITS FEELING IN KUALA LUMPUR YESTERDAY

WHEN DATUK AMAR TAIB MAHMUD MET THE VISITING U.S.

DEPUTY ASSISTANT SECRETARY OF STATE FOR EAST

ASIA AND THE PACIFIC MR. WILLIAM GLEYSTEN.

THE U.S. REPRESENTATIVE REPLIED THAT THE U.S.

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GOVERNMENT WOULD CONSULT THE INTERNATIONAL TIN

COUNCIL ON THE METHODS OF RELEASING THE

STOCKPILE.

THE PRIMARY INDUSTRIES MINISTER TOLD REPORTERS

THAT MALAYSIA WOULD WATCH VERY CLOSELY THE WAY THE

U.S. WOULD BE GOING ABOUT RELEASING THE METAL.

"WE HAVE CONVEYED TO THE U.S. GOVERNMENT THAT THE

SALE SHOULD BE PLANNED IN A MANNER THAT WILL NOT Dampen the price of the metal on the world markets," he added.

Datuk Amar Taib made it clear to the U.S. that any dampening of the tin price at the time when the industry was stepping up investment efforts would have serious consequences on production. Gravel pump and other marginal miners would once again be forced to cease operation. This would aggravate the shortage of the metal and push the price further.

Datuk Amar Taib said the U.S. should take into serious consideration the long term supply and demand forecast of the metal by the ITC's Economic and Price Review Panel (EPRP) which suggested an annual deficit of 12,000 tonnes over the next 10 years.

"Whether we will endorse or oppose the proposed release would depend on how the U.S. goes about selling the metal," Datuk Amar Taib added. He hinted that Malaysia would accept the release as an instrument for making up the shortage and not as a means to depress price. He also impressed upon the American the need for producers and consumers to discuss seriously the new floor and ceiling prices for tin. The Minister
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Noted that negotiations on the matter had been dragging on for far too long.

Datuk Amar Taib said a new floor price should be at a level that gave encouraging cash flow picture to enable new investments. He reiterated that Malaysia was interested in both the floor and ceiling prices.

The Minister spoke of the danger of allowing the present differences between tin producers and consumers to worsen. A drop in tin production would hurt both consumers and producers.

Datuk Amar Taib explained to the visitor Malaysia's view point on the proposed common fund for commodities and the importance it attached to its realization."

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